

112TH CONGRESS  
2D SESSION

# H. R. 5801

To provide interest-free deferment on unsubsidized student loans made to recent college students during periods when the national unemployment rate is above 7 percent and other periods of deferment.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 17, 2012

Ms. RICHARDSON (for herself, Mr. CONYERS, Mr. CLARKE of Michigan, and Mr. KUCINICH) introduced the following bill; which was referred to the Committee on Education and the Workforce

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## A BILL

To provide interest-free deferment on unsubsidized student loans made to recent college students during periods when the national unemployment rate is above 7 percent and other periods of deferment.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Unshackling Students  
5       to Lead, Excel, Act, Develop, and Serve Act of 2012” or  
6       the “U.S. LEADS Act”.

7       **SEC. 2. FINDINGS.**

8       Congress finds the following:

1                             (1) Outstanding student loan debt will reach  
2 one trillion dollars this year.

3                             (2) In 2008, two-thirds of students graduating  
4 with a bachelor's degree had outstanding student  
5 loan debt.

6                             (3) In 2010, the average debt owed by college  
7 graduates paying off student loans was \$24,000.

8                             (4) Of all students who graduated with a 4-year  
9 degree in 2009, only 55.6 percent are working in  
10 jobs that require a college degree.

11                            (5) Of all students who graduated with a 4-year  
12 degree in 2009, 22.4 percent are not working.

13                            (6) The median student loan debt for students  
14 who graduated from college between 2006 and 2010  
15 is \$20,000.

16                            (7) Average in-State tuition and fees at public  
17 4-year institutions of higher education have risen 8.3  
18 percent between the 2010–2011 and 2011–2012  
19 academic years.

20 **SEC. 3. INTEREST-FREE DEFERMENT DURING PERIODS  
21 WHEN THE NATIONAL UNEMPLOYMENT RATE  
22 EXCEEDS 7 PERCENT.**

23                           (a) FFEL SUBSIDIZED LOAN DEFERMENT.—Section  
24 428(b)(1)(M) of the Higher Education Act of 1965 (20  
25 U.S.C. 1078(b)(1)(M)) is amended—

1                   (1) by striking “or” at the end of clause (iii);

2                   (2) by adding “or” at the end of clause (iv);

3                   and

4                   (3) by adding at the end the following new

5                   clause:

6                         “(v) in a case of a borrower who is be-  
7                         tween the ages of 21 and 25, inclusive, and  
8                         a recent college student, as defined in sec-  
9                         tion 455(f)(5), with respect to loans made  
10                       under this section to such borrower for a  
11                       period of enrollment during which the bor-  
12                       rower was pursuing a degree described in  
13                       subparagraph (A) of such section  
14                       455(f)(5)—

15                         “(I) beginning as soon as prac-  
16                         ticable after the last day of the second  
17                         consecutive month for which the Bu-  
18                         reau of Labor Statistics of the De-  
19                         partment of Labor (in this paragraph  
20                         referred to as the ‘Bureau’) publishes  
21                         a national unemployment rate that ex-  
22                         ceeds 7 percent, and ending as soon  
23                         as practicable after the Bureau pub-  
24                         lishes a national unemployment rate  
25                         that is 7 percent or lower, except that

1                   such period shall not exceed 5 years;

2                   or

3                   “(II) beginning as soon as prac-  
4                   ticable after the last day of the second  
5                   consecutive month for which the Bu-  
6                   reau publishes a national unemploy-  
7                   ment rate for individuals ages 21  
8                   through 25 years old that exceeds 9  
9                   percent, and ending as soon as prac-  
10                  ticable after the Bureau publishes a  
11                  national unemployment rate for such  
12                  individuals that is 9 percent or lower,  
13                  except that such period shall not ex-  
14                  ceed 5 years.”.

15                 (b) TREATMENT OF CONSOLIDATION LOANS.—Sec-  
16                 tion 428C(b)(4)(C)(ii) of the Higher Education Act of  
17                 1965 (20 U.S.C. 1078–3(b)(4)(C)(ii)) is amended—

18                 (1) by striking “or” at the end of subclause  
19                 (II);

20                 (2) by redesignating subclause (III) as sub-  
21                 clause (IV);

22                 (3) by inserting after subclause (II) the fol-  
23                 lowing:

24                   “(III) in the case of a borrower  
25                 who is between the ages of 21 and 25,

inclusive, and a recent college student, as defined in section 455(f)(5), by the Secretary, in the case of a consolidation loan made to the borrower for a period of enrollment during which the borrower was pursuing a degree described in subparagraph (A) of such section 455(f)(5) and for which the application is received on or after the date of enactment of the U.S. Leads Act, except that in the case of a deferral under clause (ii) of section 428(b)(1)(M), the Secretary shall pay such interest only for a period not in excess of 3 years for which a borrower would be eligible for such a deferral and, in the case of a deferral under clause (v) of such section, for a period not in excess of 5 years for which the borrower would be eligible for such a deferral; or”; and

(4) in subclause (IV) (as so redesignated by this subsection), by striking “(I) or (II)” and inserting “(I), (II), or (III)”.

(c) FFEL UNSUBSIDIZED LOAN DEFERMENT.—

1                             (1) IN GENERAL.—Section 428H(e)(2) of the  
2                             Higher Education Act of 1965 (20 U.S.C. 1078–  
3                             8(e)(2)) is amended—

4                                 (A) in subparagraph (A), by inserting “Ex-  
5                                 cept as provided in subparagraph (C)” before  
6                                 “Interest on”; and

7                                 (B) by adding at the end the following new  
8                                 subparagraph:

9                                 “(C) In the case of a borrower who is be-  
10                                 tween the ages of 21 and 25, inclusive, and a  
11                                 recent college student, as defined in section  
12                                 455(f)(5), interest on loans made under this  
13                                 section to the borrower for a period of enroll-  
14                                 ment during which the borrower was pursuing  
15                                 a degree described in subparagraph (A) of such  
16                                 section 455(f)(5) and for which payments are  
17                                 deferred—

18                                 “(i) under clause (i), (iii), or (iv) of  
19                                 section 428(b)(1)(M), for a period of  
20                                 deferment granted to such borrower on or  
21                                 after the date of enactment of the U.S.  
22                                 Leads Act, shall accrue and be paid by the  
23                                 Secretary during any period during which  
24                                 the loans are so deferred;

1                         “(ii) under clause (ii) of section  
2                         428(b)(1)(M), for a period of deferment  
3                         granted to such borrower on or after the  
4                         date of enactment of the U.S. Leads Act,  
5                         shall accrue and be paid by the Secretary  
6                         during any period during which the loans  
7                         are so deferred, not in excess of 3 years;  
8                         and

9                         “(iii) under clause (v) of section  
10                         428(b)(1)(M), for a period of deferment  
11                         granted to such borrower on or after the  
12                         date of enactment of the U.S. Leads Act,  
13                         shall accrue and be paid by the Secretary  
14                         during any period during which the loans  
15                         are so deferred, not in excess of 5 years.”.

16                         (2) CONFORMING AMENDMENT.—Section  
17                         428(b)(1)(Y)(iii) of the Higher Education Act of  
18                         1965 (20 U.S.C. 1078(b)(1)(Y)(iii)) is amended by  
19                         inserting “(other than a deferment under such sub-  
20                         paragraph granted to a borrower described in sec-  
21                         tion 428H(e)(2)(C) on or after the date of enact-  
22                         ment of the U.S. Leads Act)” after “of this para-  
23                         graph”.

1       (d) DIRECT LOAN DEFERMENT.—Section 455(f) of  
2 the Higher Education Act of 1965 (20 U.S.C. 1087(f))  
3 is amended—

4               (1) in paragraph (1)—

5                       (A) in subparagraph (A)—

6                               (i) by striking “or” at the end of  
7 clause (i); and

8                               (ii) by adding at the end the fol-  
9 lowing:

10                               “(iii) Federal Direct Unsubsidized  
11 Stafford Loan or Federal Direct Consoli-  
12 dation Loan made to a borrower for a pe-  
13 riod of enrollment during which the bor-  
14 rower was pursuing a degree described in  
15 paragraph (5)(A) and the borrower is be-  
16 tween the ages of 21 and 25, inclusive, and  
17 a recent college student, as defined in  
18 paragraph (5); or”; and

19                       (B) in subparagraph (B)—

20                               (i) by inserting “not described in sub-  
21 paragraph (A)(iii)” after “Unsubsidized  
22 Stafford Loan”; and

23                               (ii) by striking “subparagraph (A)(ii)”  
24 and inserting “clause (ii) or (iii) of sub-  
25 paragraph (A)”;

- 1                             (2) in paragraph (2)—  
2                                 (A) by striking “or” at the end of subpara-  
3                                 graph (C);  
4                                 (B) by striking the period at the end of  
5                                 subparagraph (D) and inserting “; or”; and  
6                                 (C) by adding at the end the following new  
7                                 subparagraph:  
8                                 “(E) in a case of a borrower who is be-  
9                                 tween the ages of 21 and 25, inclusive, and a  
10                                recent college student, as defined in paragraph  
11                                (5), with respect to loans made under this part  
12                                to such borrower for a period of enrollment dur-  
13                                ing which the borrower was pursuing a degree  
14                                described in subparagraph (A) of such para-  
15                                graph (5)—  
16                                 “(i) beginning as soon as practicable  
17                                after the last day of the second consecutive  
18                                month for which the Bureau of Labor Sta-  
19                                tistics of the Department of Labor (in this  
20                                paragraph referred to as the ‘Bureau’)  
21                                publishes a national unemployment rate  
22                                that exceeds 7 percent, and ending as soon  
23                                as practicable after the Bureau publishes a  
24                                national unemployment rate that is 7 per-

1                   cent or lower, except that such period shall  
2                   not exceed 5 years; or

3                   “(ii) beginning as soon as practicable  
4                   after the last day of the second consecutive  
5                   month for which the Bureau publishes a  
6                   national unemployment rate for individuals  
7                   ages 21 through 25 years old that exceeds  
8                   9 percent, and ending as soon as prac-  
9                   ticable after the Bureau publishes a na-  
10                  tional unemployment rate for such individ-  
11                  uals that is 9 percent or lower, except that  
12                  such period shall not exceed 5 years.”; and

13                 (3) by adding at the end the following new  
14                 paragraph:

15                 “(5) DEFINITION OF RECENT COLLEGE STU-  
16                 DENT.—For the purpose of this subsection, the term  
17                 ‘recent college student’ means a borrower who—

18                 “(A) who has received a baccalaureate de-  
19                 gree from an institution of higher education  
20                 within 48 months prior to the date of enact-  
21                 ment of the U.S. Leads Act; and

22                 “(B) who has not previously received any  
23                 such baccalaureate degree.”.

